Cargill Inc.'s contacts with a Thai politician nearly five years ago are returning to haunt the commodity-processing giant.

America's largest closely held company is entangled in a legal fight in U.S. federal court in Los Angeles with a disgruntled former business associate who alleges in a breach-of-contract lawsuit that Cargill greased the way for a 1999 real-estate deal in Thailand by arranging a $1.5 million bribe to Suchart Tanjaroen, who currently holds the post of deputy speaker in Thailand's House of Representatives.

Cargill, based in suburban Minneapolis, denies the bribery allegation. "This is a completely frivolous lawsuit," said Lori Johnson, a Cargill spokeswoman, adding: "We comply with the law."

Under the U.S. Foreign Corrupt Practices Act, which prohibits the bribing of foreign government officials and foreign political-party officials, a U.S. company can face a maximum fine of $2 million per violation while an individual faces as many as five years imprisonment.

The allegation is part of a long-running battle between Cargill and Robert W. Dziubla, a Los Angeles attorney who is angry about the acrimonious breakup two years ago of a real-estate venture in Thailand, where Mr. Dziubla brought potential deals to Cargill.

Cargill and Mr. Dziubla have been fighting ever since over whether he is owed millions of dollars for his work in a venture created amid an influx of bargain-hunting investors into Thailand, which was in the midst of a financial crisis.

Mr. Suchart, a longtime member of the Thai House of Representatives, figured prominently during the financial crisis. He resigned as deputy interior minister in 1996 amid allegations that he used inflated -- and illegally obtained -- land as collateral to take out massive loans from the Bangkok Bank of Commerce. That bank ultimately collapsed, helping trigger the country's economic crisis.

Mr. Suchart has also been accused of other improprieties, including awarding land titles to family members. He has said in past interviews that the various charges were never proved and that the allegations were politically motivated.

Whatever the outcome of the California lawsuit, the case puts Cargill in an unusual light. Its executives have long prided themselves on having high ethical standards, a trait they believe helps to distinguish themselves from rival Archer-Daniels-Midland Co., based in Decatur, Illinois, which was embroiled in a price-fixing scandal in the late 1990s.

Cargill acknowledges that it did try in 1999 to form a relationship with Mr. Suchart, who didn't respond to requests for comment.

Cargill's Ms. Johnson confirms the company considered paying 55 million Thai baht, then valued at about $1.5 million, to Mr. Suchart, but said an agreement wasn't reached, nor were any payments made. At the time, Mr. Suchart was a member of the Thai Parliament and was described in the Thai media as a powerful director of Phuket Island Public Co., which controlled Thai resort properties that Cargill was in the process of acquiring. Thailand has since passed legislation barring public-office holders from owning shares in listed Thai companies.
"We explored the possibility of a business relationship with Mr. Suchart," said Ms. Johnson. "We considered a legitimate payment for legitimate services."

A Cargill business in the Cayman Islands wrote a letter dated Sept. 30, 1999, to Mr. Suchart offering the payment for his services in completing Cargill's takeover of Phuket Island Public Co., such as securing the resignation of certain directors and finding replacements.

The letter, a copy of which was reviewed by The Wall Street Journal and its authenticity verified by Cargill, asks Mr. Suchart to confirm that the proposed fee "is not in any way a payment to you or any of the directors in your capacity as a government official for any purpose relating to such official capacity." The letter also asks Mr. Suchart to confirm he would pay all applicable taxes.

Cargill, which generated revenue of $59.9 billion in its fiscal year ended May 31, 2003, owns an extensive overseas network that does everything from processing sunflower seeds in Ukraine and gin cotton in Africa to chickens in Thailand, where many investors descended in the late 1990s looking for prime hotels, golf courses and offices at distressed prices.

Cargill, which has long invested in real estate, likewise saw opportunity in Thailand. But dealing in Thai real estate turned out to be harder than expected for many investors. Rules governing foreign ownership were complex. Meanwhile, many property owners fought hard to avoid having to sell their assets, relying on cozy relationships with banks and regulators to prevent forced sales.

Mr. Dziubla, 51 years old, won a Fulbright student grant in 1983 and was a partner in the Los Angeles office of law firm Jones Day before he established a boutique law firm. A multilingual specialist in international finance law, he began advising Cargill in 1996 on legal issues involving the company's investments in Japan, according to court documents.

Cargill ended its relationship in Thailand with Mr. Dziubla in 2002 after nearly three years in business, during which time he closed four Thai deals, according to Mr. Dziubla. After an arbitration tribunal in Singapore rejected Mr. Dziubla's complaints about the breakup, he returned to California and filed a lawsuit there in December 2003 claiming Cargill cheated him out of millions of dollars.

Cargill and Mr. Dziubla have slung a lot of charges between them. Mr. Dziubla said in an interview that Cargill officials didn't deliver the alleged bribe themselves. Instead, he claims a Thai business family sent the money to Mr. Suchart in an armored vehicle as a favor to Cargill. Cargill says that didn't happen. "It is ironic that Mr. Dziubla is raising these charges over a deal he brought to us and we looked at and ultimately couldn't do," said Ms. Johnson. For his part, Mr. Dziubla denies that the alleged bribery was his idea.

By making the bribery allegation, Mr. Dziubla is trying to build a civil racketeering case against Cargill, which if successful could make him eligible to collect treble damages. To accomplish that, the U.S. Racketeer Influenced and Corrupt Organizations Act requires that he show Cargill had a pattern of breaking the law.

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